

COMMERCIAL RELATIONS WITH THE
DOMINION OF CANADA.

There is no more obvious remedy for the present depression of our manufactures and trade, nor any more sure foundation of our prosperity in all time to come, than the extension of our commercial relations with the adjacent countries.

SPEECH
OF
HON. ELIJAH WARD,
IN THE
HOUSE OF REPRESENTATIVES,

^{ost}
MAY 18, 1876

The prosperity of our people and our strength as a nation depend more upon the unrestricted exchanges of the products of the different States than upon any other material cause, and similar commercial relations would be scarcely less valuable to our citizens and the Canadians. * * * The purpose of the resolution is to ascertain how far and through what measures we can best bring into practical use the opportunities placed within our reach by the circumstances of the times, and by immutable nature, or rather by Providence itself.

WASHINGTON:

1876.

SPEECH
OF
HON. ELIJAH WARD.

The House having under consideration the joint resolution providing for the appointment of commissioners to confer with similar commissioners appointed by Great Britain and ascertain on what basis a mutually beneficial treaty of commerce between the United States and Canada can be negotiated—

Mr. WARD said :

Mr. SPEAKER : At the present time, when capital seeks investment, interest is reduced beyond all precedent in this country, wages are lowered, immigration decreases, the value of our exports is diminished, and hundreds of thousands of our people are in search of work by which they may earn a livelihood, it is the duty of wise statesmen and sound patriots to do the utmost in their power to promote the return of prosperity by such measures as will best extend the sales of our productions and promote our carrying trade and commerce. Hitherto, intent upon the development of our unparalleled resources, and having a sparse population, we have paid too little attention to external trade and the encouragement of foreign markets for our products, especially for those of our manufactories, the number of which we have stimulated to an extent far greater than is commensurate with the demands of our own population.

There is no more obvious remedy for this state of affairs at present, nor any more sure and stable foundation of our prosperity in all time to come, than the extension of our commercial relations with the adjacent countries on this continent—on the north with Canada, and on the south with Mexico.

EXTENT AND RESOURCES OF CANADA.

We yet seldom appreciate at their great and practical value the importance of the vast regions north of the United States on this continent. Stretching from the Atlantic to the Pacific Ocean, they contain an area of at least 3,473,350 square miles ; more than is owned by the United States, exclusive of our newly acquired territory in the far northwest, and not much less than the whole of Europe with its family of nations. No small proportion of these Territories consists of barren and inhospitable regions in the extreme north ; but, as a recompense, the arid plains extending through Texas, and thence

northward beyond the limits of the United States, are comparatively insignificant as they enter the British possessions, where the Rocky Mountains, being less elevated and having a narrower base, admit the passage of the clouds from the Pacific Ocean, bearing ample rain with its fertilizing influences into the interior of the continent. By the same cause the climate is tempered.

The isothermal line of 60° for summer rises on the northwestern plains as high as the sixty-first parallel, its average position in Europe; and a favorable comparison may also be traced for winter and the other seasons of the year. Spring opens almost simultaneously for a distance of about twelve hundred miles on the vast plains reaching northerly from Saint Paul. Along the valleys of the Red, Assinaboine, Saskatchewan, and Mackenzie Rivers, for more than seven hundred miles north of the limit of the United States, wheat has been grown, yielding most abundant returns, thus indicating a soil and climate well suited for the crops ordinarily produced in the cooler parts of the temperate zone. Barley, the grasses, and many root crops grow twelve hundred miles north of the same boundary.

These facts are significant proofs of the immense capabilities of the agricultural areas in the interior of the continent north of the forty-ninth parallel. Westward from these regions—yet scarcely inhabited, but of incalculable value in the future—are countries of yet milder climate on the Pacific coast, whose relations to California are already important. On the eastward are the rapidly increasing settlements, enjoying the rich lands and pleasant climate of Manitoba, on the Red River of the North, a stream capable of steamboat navigation for four hundred miles.

It is asserted by those who add personal knowledge of the subject to scientific investigation, that the habitable but undeveloped area of the British possessions westerly from Lake Superior and Hudson's Bay comprises sufficient territory to make twenty-five States equal in size to Illinois. Bold as this assertion is, it meets with confirmation in the isothermal charts of Blodgett, the testimony of Richardson, Simpson, Mackenzie, the maps published by the government of Canada, and recent explorations.

North of a line drawn from the northern limit of Lake Superior to the coast at the southern limit of Labrador exists a vast region, possessing in its best parts a climate barely endurable, and reaching into the arctic regions. This country, even more cold, desolate, and barren on the Atlantic coast than in the interior latitudes, becoming early known to travelers, has given character in public estimation to the whole north.

Another line, drawn from the northern limit of Minnesota to that of Maine, includes nearly all the inhabited portion of Canada, a country extending opposite the Territory of Dakota and States of Min-

nesota, Wisconsin, Michigan, Ohio, Pennsylvania, New York, Vermont, New Hampshire, and Maine, possessing a climate identical with that of our Northern States.

THE MARITIME PROVINCES.

The "maritime provinces" on the Atlantic coast include New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland. Geographically they may be regarded as a northeasterly prolongation of the New England system. Unitedly they include an area of at least 86,000 square miles and are capable of supporting a larger population than that at present existing in the United States or Great Britain. They are equal in extent to the united territory of Holland, Greece, Belgium, Portugal, and Switzerland.

The natural interests of New Brunswick and the adjacent State of Maine are inseparably connected. New Brunswick has an area of 22,000,000 acres and a sea-coast four hundred miles in extent and abounding in harbors. It had at the census of 1871 a population of 285,594, being nearly equal to that of Nebraska, Nevada, Oregon, and Colorado. The chief occupations of its inhabitants are connected with ship-building, the fisheries, and the timber trade. Judging from authentic surveys and records, it is scarcely possible to speak too highly of its climate, soil, and capabilities. Few countries are so well watered and wooded. On its unreclaimed surface are large stocks of timber; beneath are coal-fields. The rivers, lakes, and sea-coast abound with fish.

Nova Scotia, a long peninsula, united to the American continent by an isthmus only fifteen miles wide, is two hundred and eighty miles in length. The numerous indentations on its coast form harbors unsurpassed in any part of the world. Including Cape Breton, it has an area of 12,000,000 acres. Wheat and the usual cereals and fruits of the Northern States flourish in many parts of it. Its population in 1871 was declared by the census to be 387,800. Besides possessing productive fisheries and agricultural resources, it is rich in mineral wealth, having beneath its surface coal, iron, manganese, gypsum, and gold.

The province of Prince Edward Island is separated from New Brunswick and Nova Scotia by straits only nine miles in width. It is crescent-shaped, one hundred and thirty miles in length, and at its broadest part is thirty-four miles wide. It is a level region, of a more moderate temperature than that of Lower Canada, and well adapted to agricultural purposes.

The island of Newfoundland has a sea-coast of one thousand miles in extent. It has an area of 23,040,000 acres, of which only a small portion is cultivated. Its spring is late, its summer short, but the frost of winter is less severe than in many parts of our own northern States and Territories. It is only sixteen hundred and sixty-viii

miles distant from Ireland. It possesses a large trade with various countries, including Spain, Portugal, Italy, the West Indies, and the Brazils.

The chief wealth of Newfoundland and of the Labrador coast is to be found in their extensive and inexhaustible fisheries, in which the other provinces also partake. The future products of these, when properly developed by human ingenuity and industry, defy calculation. The Gulf Stream is met near the shores of Newfoundland by a current from the polar basin, vast deposits are formed by the meeting of the opposing waters, the great submarine islands known as "The Banks" are formed, and the rich pastures created in Ireland by the warm and humid influences of the Gulf Stream are compensated by the "rich sea-pastures of Newfoundland." The fishes of warm or tropical waters, inferior in quality and scarcely capable of preservation, cannot form an article of commerce like those produced in inexhaustible quantities in these cold and shallow seas. The abundance of these marine resources is unequalled in any other portion of the globe, except where similar conditions exist in the northern Pacific ocean.

ONTARIO AND QUEBEC.

The provinces of Ontario and Quebec, known as Canada, before the union with the Dominion, include an area of not less than 185,115,607 acres, independently of the northwestern regions yet scarcely open for settlement. Their territory is three times as large as that of Great Britain and Ireland, and more than three times that of Prussia. It intervenes between the great northwest and the maritime provinces, and consists chiefly of a vast projection into the territory of the United States, although it possesses a coast of nearly one thousand miles on the river and gulf of the Saint Lawrence, where fisheries of cod, herring, mackerel, and salmon are carried on successfully. Valuable fisheries exist also in its lakes. It is rich in metallic ore and in the resources of its forests. Large portions of it are peculiarly favorable to the growth of wheat, barley, and the other cereals of the North.

Within thirty-five years, or less than the life-time of nearly all who are now hearing me, the population of Ontario and Quebec has increased about fivefold, or from 582,000 to 2,812,367.

THE PEOPLE OF CANADA.

The population of the Dominion of Canada and the other possessions now exceeds four millions, being more than that of Arkansas, California, Delaware, Florida, Kansas, Louisiana, Maine, Minnesota, Nebraska, Nevada, and New Hampshire, added together, at the last census. Many of their inhabitants are of French extraction, and a few German settlements exist; but two-thirds of the people of the provinces owe their origin either to the United States or to the Brit-

ish islands, whose language we speak, and who "people the world with men industrious and free." The identity of language in contiguous countries is a fair exponent of the tendency to amalgamation. It generally implies great similarity, if not identity, of religion, laws, and habits, the essential elements of thorough fusion.

NATURAL COMMERCIAL RELATION.

Apart from the artificial regulations by customs-duties, the exchanges of the products of labor between the people of the United States and their neighbors on the north would be as intimate and, in proportion to the population, at least as various and comprehensive, as those of the States of our Union with each other. In fact the commercial relations of our northern, northwestern, and eastern States with the Dominion of Canada, if left simply and without obstruction to the practical test of benefits or profits given and received by the people of both countries, would be more close and intimate than those between most parts of the Union. The great lakes, which for some thousands of miles politically separate us, are themselves among the cheapest and most useful means of intercommunication for the northwestern and eastern States, and, with the majestic river through which their waters flow, have long furnished, by aid of short canals, one of the most important channels of trade and travel from the interior to the ocean, and thence to the chief markets of the world.

Nearly three-fourths of the people of the Dominion inhabit a territory in latitudes south of our boundaries in Maine and Minnesota. Across this region, and especially the peninsula between Lakes Huron and Michigan, is the direct line of communication between the States of Maine, New Hampshire, Massachusetts, Rhode Island, Connecticut, and New York on the one side, and Michigan, Wisconsin, Minnesota, and all our Territories west of them on the other.

IMPORTANCE OF FREE EXCHANGES WITH CANADA TO ALL PARTS OF THE UNION.

Great as the value of transit through Canada is to our people, similar freedom through our territory is perhaps even more important to the Canadians. Excepting the maritime provinces, the whole of the British North American possessions until they approach the Pacific Ocean is dependent upon the railroads, canals, rivers, and other means of communication in the United States for the shortest routes to the ocean. Fortunately, what is in this respect almost the necessity of the Canadians is one from which must result the employment of our people and profit to our forwarders on such a scale that it will confer conspicuous national benefit upon us if we do not prevent the natural interests of the people from attaining due and harmonious development. More than that, the great natural, permanent system of exchanges is between the North and South; their productions being necessarily distinct, and modern civilization having rendered them practically necessities of life to the people of each region.

Regarding the subject from a broad and national point of view, it is instructive to see how great and varied are the advantages that would result to all parts of our country from free intercourse with the neighboring nations. The northern and southern parts of our continent possess special and distinct advantages for producing commodities with which each can purchase those of other sections. The Northern States, for instance, need fear no competition with Mexico or Cuba in manufactures or agriculture. These countries would purchase, in increased quantities, our manufactures, cereals, meats, and fish, while we in return should consume more of their sugar, coffee, fruits, and other tropical productions. The agricultural productions of Canada are almost identical with those of the Northern States, but would be exchanged for our own manufactures, and for the products of warmer climates, in part those of our Southern States and in part of regions yet farther south, whose products would thus be brought through our territory, and afford employment and profit to our people, with advantages to all the countries which would be parties to the arrangement. Our agriculture, manufactures, and carrying trade would alike be benefited, and the natural operation of the laws of trade would necessarily confer corresponding benefits on those for whom our work would be done and with whom our exchanges would be made.

The trade between the northern and southern parts of this continent must attain enormous proportions. It is very desirable for our people that it should as soon as possible be developed to the utmost. Its natural course will be through the central or intermediate States, creating in them commercial interests of a magnitude which it is almost impossible now to calculate. The mutual benefits thus given and received would be perpetually diffused and circulate in every vein and artery of commerce and manufactures throughout the Union and be accompanied with the gratifying knowledge that they were derived from the prosperity of our neighbors in other countries.

RECIPROCITY APPROVED BY LEADING STATESMEN OF BOTH PARTIES.

As the naturally interdependent commercial relations of the United States and Canada arise from geographical and climatic causes which are permanent and unchangeable, and the cost of labor and the interest on capital in both countries are, reckoning from a series of years, nearly alike, they have from the beginning of our history attracted the attention of our leading statesmen without distinction of party.

During the Presidency of General Jackson, Mr. Van Buren, when writing in 1829 to Mr. McLane, then our minister at the court of St. James, referring especially to the North American colonies, said:

The policy of the United States in relation to their commercial intercourse with other nations is founded on principles of perfect equality and reciprocity. By the adoption of these principles they have endeavored to relieve themselves from the discussions, discontents, and embarrassments inseparable from the imposition of

burdensome discriminations. These principles were avowed while they were yet struggling for their independence, are recorded in their first treaty, and have been adhered to with the most scrupulous fidelity.

The exceptional character of our natural commercial relations with Canada has also been duly observed by some of the most eminent advocates of what is termed a "protective" policy. One of the chief arguments in its favor is that against admitting the products of "pauper labor" to compete with those of our own citizens. It has no force in reference to a contiguous country, from which people can pass to the United States in a few moments or at most a few hours. The other argument of the same class of theorists is derived from the importance of a "home market." But a "home market" is the market nearest home, and this is furnished by the respective countries to each other at every point of their coterminous territory.

Mr. Clay, who was called the father of the "protective" system, duly appreciated these facts, and from his stand-point added valuable testimony to the uniformity of opinion among American statesmen in his time, and his conviction as to the policy by which he desired our country to be guided.

The Government of the United States—

He said—

has always been anxious that the trade between them and the British colonies should be placed on a liberal and equitable basis. There has not been a moment since the adoption of the present Constitution when they have not been willing to apply to it principles of fair reciprocity and equal competition.

As time has passed and the country on both sides of the frontier has become more closely inhabited, farms, villages, and cities taking the place of the primeval wilderness, the value of the intercourse of the people has immensely increased. When Mr. Clay and Mr. Van Buren deemed it important the population of Canada was insignificant. It is now larger than that of all the six New England States added together.

The interests involved and the benefits each country can confer upon itself by due emancipation of its industry are so many and obvious that they will continually demand discussion until they are fully settled on the basis of perfect freedom and our trade with Canada is as unrestricted as that of our different States among themselves. It is our duty to regard these questions practically, avoiding alike on one side the inconsiderate haste which might result from political sentimentality, and on the other the influence of the absurd and pernicious dogma which carried to its logical results would put an end to all trade, individual as well as national, that whatever is profitable to others must be injurious to ourselves.

THE MAGNITUDE OF CANADIAN TRADE.

The modern increase of facilities of communication by canals, rail-

roads, bridges, steamboats, telegraphs, and the press, assisting the transfer of merchandise, the travel of passengers, and the free interchange of thought between the United States and the Dominion, add to the policy enunciated by Mr. Clay and Mr. Van Buren a value we cannot estimate too highly. The commercial spirit and resolute enterprise of the Canadians is shown no less by the attractions they have presented to immigration and the consequent increase of their population than by the fact that with a population small in comparison with that of many nations in the Old World they already rank as the fourth power on the globe in the extent of their merchant shipping, taking precedence in its extent and quality of all countries except Great Britain, the United States, and Germany.

The aggregate of the foreign trade of Canada in 1872-'73 and 1873-'74 was about two hundred and seventeen millions, each year, being considerably more than one-sixth of all the imports and domestic and foreign exports of the United States. The aggregate of our foreign trade in 1875 was \$1,219,434,544. If it had been as large as that of Canada in proportion to the population of the two countries, it would have exceeded \$2,400,000,000.

OUR TRADE WITH CANADA.

Notwithstanding the adverse laws in both countries, preventing a free exchange of the products of the industry of their people, thus depriving Canada of her natural prosperity, injuring the business of many of our States, and most seriously impeding the progress of those parts of our country which are near the Canadian frontier, our exports of articles the growth, produce, and manufacture of the United States to Canada, according to the report of the Treasury Department, amounted in 1873-'74 to no less than \$42,505,914, being more than twenty times as large as those to China, whence we draw so large a proportion of our imports, and larger than our exports of a similar character to any country in the world excepting only Great Britain, Germany, and France. Our exports to Canada of goods of foreign origin in the same year amounted to \$4,589,343, and the total trade with her to at least the vast sum of \$85,253,168.

Taking the official statistics of Canada as the test of our exports to the Dominion, the value of our exports was much larger, those entered for consumption there having amounted to \$54,279,749, and our imports to \$35,061,117—the aggregate trade having been \$90,524,000.

In 1874-'75 the aggregate of our domestic exports to Canada, as shown in the Report on Commerce and Navigation, including the additions on page 416, was \$49,906,285, and the trade between the two countries amounted altogether to \$86,256,925.

An examination of our exports to Canada shows that her value as an outlet for our manufactures has long been much underrated. This has, no doubt, arisen in part from the fact that we compute the amount of

our exports from our own custom-house statistics. There are the best sources we have of information as to our imports, on which accuracy is exacted because they are subject to duty; but there is no such urgency as to our exports. They pass from our side of the lines without much attention from our officers. Modern political economists and statisticians have observed the operation of the same rule in various countries, and regard it as an established axiom that "the amount of export is always less exactly registered than the amount of import because with the former duty is but rarely levied." This rule applies with peculiar force to the ordinary data furnished by the official reports of the commerce and navigation of the United States so far as they refer to Canada.

In 1874 the Chief of the Bureau of Statistics asked the attention of the national Legislature to this subject and repeated his request in 1875. He found it impracticable, if not impossible, to obtain full returns of merchandise exported to the provinces of Ontario and Quebec. Our custom-house returns on the Canadian border are necessarily defective, in part for want of legislation requiring persons exporting merchandise by railway-cars or other land-vehicles, which have long been used in the transportation of merchandise across the Canadian borders to file full manifests of such merchandise with the collector of the customs as is required in the case of all exports to foreign countries in vessels. It has been found on close investigation into the facts that in both countries the accounts of imports from each into the other are the more accurate, because "the customs-officers of both are constantly on the alert to see that no dutiable merchandise crosses the border without paying its prescribed impost."

Upon the basis thus irrefutably laid down, it is found that the value of articles of domestic production exported from the United States to Canada in 1874 was \$11,424,566, and in 1875 no less than \$15,660,281, in addition to the amounts shown by our own official records. This enormous amount of over \$27,000,000 consisted chiefly of the products of the manufacturing industry of our people, and I desire to direct to it the special attention of those who fancy an extension of reciprocal trade with Canada would be injurious to the manufacturing population of the United States.

LARGE IMPORTS OF OUR MANUFACTURES.

One of the most efficient and beneficial means of protecting our manufactures would be to encourage the demand for them in Canada. Including the amounts given in the statement of the quantities and values of our domestic exports in the official records of the Bureau of Statistics, and the additions corrected from the reports furnished by the Canadian commissioners of customs, our exports last year of our own productions to the Dominion included books and stationery to the value of \$794,846; cotton manufactures, besides raw cotton, \$1,591,844;

musical instruments, \$639,027; leather and its manufactures, \$789,428; tobacco and its manufactures, \$1,673,366; refined sugar and molasses, \$1,988,733; manufactures of iron and steel, \$6,833,649, besides other manufactures to the value of many millions. Our imports during the same year from all parts of the Dominion of her staple productions of wheat and flour amounted only in value to \$363,317.

If we can export our manufactures in such large quantities to Canada when impeded by her present tariff, it cannot be disputed that we should increase our sales of them if they were admitted at lower rates of duty, and yet more if they were admitted free of all duty whatever.

THE FORMER TREATY.

The treaty of 1854 provided for a reciprocal trade between the United States and the British North American possessions in certain articles, consisting mainly of the unmanufactured productions of the farm, forest, mines, and fisheries. It was for several years mutually satisfactory, but under the pressure of debt and the need of increased revenue the Canadians raised the duties on manufactured goods to such an extent as to destroy its natural effects in promoting many branches of the industry of our people.

The Legislature of the State of New York passed concurrent resolutions complaining of the tariff thus exacted by Canada and demanding a revision of the treaty, but expressing approval of the principle of reciprocity and a desire for an extension of its application. It was seen that unrestricted trade between the United States and Canada must be mutually beneficial for the same reasons as make it desirable between New York and Pennsylvania or any of the other States in the Union.

The resolutions of the State of New York asserted that "free commercial intercourse between the United States and the British North American possessions, developing the natural, geographical, and other advantages of each for the good of all, is conducive to the present interests of each, and is the only proper basis of our intercourse for all time to come;" and, in pursuance of the request of the State of New York, that its Senators and Representatives in Congress should take such steps as would regulate the commerce and navigation between the two countries in such manner as to render the same reciprocally beneficial and satisfactory, I moved in the House of Representatives that the President of the United States should be authorized and required to give notice to the British government that the treaty of commerce then existing, as to the British North American colonies, would be terminated at the earliest date legally permitted, but that the President should be authorized to appoint three commissioners for the revision of said treaty, and to confer with other commissioners duly authorized therefor, whenever it should appear to be the wish of

the government of Great Britain to negotiate a new treaty between the governments and the people of both countries, based upon the true principles of reciprocity, and for the removal of existing difficulties.

RECIPROCITY APPROVED BY CONGRESS.

The preamble declared that inequality and injustice existed in our present intercourse with Canada, subversive of the true intent of the treaty, owing to the legislation of Canada after the treaty had been adopted, and that it was desirable that friendly relations should be entertained between the United States and the British North American provinces, and that commercial intercourse should be thereafter carried on between them upon principles reciprocally beneficial and satisfactory to both parties.

A motion to lay the preamble and resolution on the table was rejected by a vote of 76 to 73. Thus the House refused to terminate the treaty unconditionally. A notice simply to abrogate the treaty was voted down, and the preamble, which asserted that commercial intercourse between the United States and the British North American provinces should be hereafter carried on between them upon principles reciprocally beneficial and satisfactory, was adopted; and the resolution would also have been carried if a few members who together with their constituents were conspicuously in favor of and especially interested in the utmost possible freedom of exchanges between the two countries had not been induced to believe that they would obtain better terms by postponement to the next session of Congress. But the postponement was only adopted by a majority of 5 out of 159 votes.

Just before the time for reconsideration arrived the war feeling had attained increased intensity, and the exigencies and temper of the occasion threw all commercial considerations temporarily aside.

CANADIAN TARIFF.

Since that time the Canadian tariff has undergone great and liberal changes. Very many of the articles on which we charge duties almost prohibitory are admitted free of all duty into Canada, and her old tariff of 25 or 30 per cent. has been reduced to a general rate of 17½ on manufactures, and can no longer be a subject for complaint of injustice on our part while we charge 40 or 60 per cent. We now approach the whole subject under new and favorable auspices.

OBSTACLES TO COMPLETE RECIPROCITY.

As the exports of Canada consist chiefly of raw productions of the farm and forest, of which we export little for actual consumption in Canada, the admission of these articles free of duty by each country into the territory of the other is not the most just or desirable form of reciprocity. To place our trade with the Dominion on a satisfac-

tory basis, manufactures also should be admitted free of duty from each country into the other. But to effect this it is necessary that no higher duty should be levied in one country than in the other on iron, silk, wool, and the other materials of manufactures. Without this the country admitting them at low duties, or without any, would manifestly be able to undersell the other if it continued such duties as it might deem necessary for its revenue or prudent for the protection of its labor against the competition of countries under different social and monetary conditions.

The best arrangement of reciprocal trade between the two countries must include more or less the manufactured as well as the raw productions of each, thus giving mutual encouragement to various and differing industries on both sides of the line and permitting labor in each to adjust itself to the most advantageous employments. The United States have never yet made decisive efforts to secure the benefits thus within their grasp.

If such a system of reciprocal exchanges could be extended to manufactured productions, both countries would assuredly profit. The first effect might seem detrimental to special interests in both, but a natural equilibrium would soon establish itself, producing conditions under which capital and labor would be applied to the best advantages. It would be found what each country can produce better and more cheaply for the other than the latter can for itself, and under such circumstances each would obviously be the gainer by mutual exchanges. It is the nature of trade that it will not long be continued unless all the parties gain by it. Both as producers and consumers the people of each country would profit by such an economical adjustment of affairs.

As many manufactures in both countries are made of materials imported from various parts of the world, it would manifestly be impossible to establish a completely free system of commercial intercourse with Canada, except under duties not only corresponding but also equitably divided on the productions of other countries. This is the chief obstacle to any fair, mutually advantageous, and complete arrangement of reciprocity between us.

If, for instance, wearing-apparel, of which we formerly sold large quantities to the Canadians, were included in a list of free exchanges between us and them, without any more fundamental and comprehensive change, Canada, by admitting free of duty wool, or, if she chose, cloth and the other articles used in making the apparel, could undersell us so far as to drive us out of our own markets. The principle thus illustrated is applicable to almost all other manufactures. The materials for manufactures of wood, wool, and iron are already brought into Canada either free of all imports or under nominal duties for the purpose of encouraging cheap production. There is

nothing to prevent their being admitted wholly free. Under these circumstances the Canadian manufacturers would have an unjust advantage over those of our own country. On our side we might reverse all this by a lower tariff or a system of bounties. But if the materials of manufactures were admitted on the same terms into the United States and the Dominion and an equitable distribution made of the revenues, the manufactures of each might safely and profitably be admitted into the other. In fact, with our larger capital and more advanced manufactories we should have an advantage in the competition, while it would also inure to the benefit of the Canadian people.

INTERESTS OF OUR MERCHANT FORWARDERS.

Manufactures are not the only form of industry which is worthy of consideration. The interests of our merchants and forwarders, as well as the people of Canada, are seriously injured by the present obstacles to their intercourse. There is a great difference between a bonded system and a system of perfect freedom, as to exports or imports. The annoyances, vexations, and delays necessarily attached to any bonded system are often sufficient in this day of easy communication to turn away business from its natural and best center. It is also to be remembered that hitherto the Government of the United States has not thought it expedient to refund duties on the re-exportation of foreign merchandise in less quantities than the original package, thus creating an obstacle, often amounting to prohibition, to the jobbing and retailing of goods.

That the mere adoption of the same rates of duties in the United States and Canada on articles imported from other countries would not be politic is evident on the ground that customs-revenue is chiefly collected in a few ports, although ultimately paid by the consumers, often in very remote parts of the country.

A CUSTOMS UNION SUGGESTED.

All these difficulties might be solved by adopting the principles embodied in the Zollverein or Prussian confederacy of the German states, with such modifications as may be found expedient between ourselves and the Canadians. By this course both can obtain all the commercial advantages of union without political entanglement, leaving each country free to practice in its own self-government such rules as it believes to be most in accordance with the genius of its people, and best adapted to promote its own interests.

Previous to the adoption of the Zollverein, it had been the misfortune of Germany to be divided into a large number of independent states—most of them of petty dimensions and small population—every one having distinct custom-houses, tariff and revenue laws, often differing very widely from those of the neighbors surrounding it. Sometimes one part of a state was separated from its other parts, and

was as a commercial island encompassed by states having different laws. The condition was such as would have existed in New York or any other of our States, if each of the different counties had been commercially divided from the rest, and the inhabitants of one county could not, without paying heavy imposts, pass into another with a horse, ox, or load of grain, the product of their own farms, or take imported goods into any of the counties adjoining their own, and the difficulty continually increased on passing through additional counties. Thus the inland trade of Germany was subjected to all the restrictions that are usually laid on the intercourse between distant and independent states.

PRINCIPLES OF THE ZOLLVEREIN.

The principle of the Zollverein or customs union is that there shall be entire and unrestricted freedom of imports, exports, and transit among all the states which are its members. The same duties are collected on the outside frontier of the states thus united. Within that line all trade is as untrameled as within our present Union. An equitable distribution of the revenue thus obtained is made among all the states of the confederation.

The Zollverein is comprehensively defined to be the association of a number of states for the establishment of a common customs law and customs line with regard to foreign countries, and for the suppression of both in the intercourse of the States within the border line. There would be no impediment by discriminating duties on the importations for Toronto if made via New York or Boston. If the merchants of Chicago found it to their interest to purchase at Montreal, they could do so; and buyers from the new province of Manitoba might buy and sell at Saint Paul, Du Luth, Saint Louis, or New Orleans, as freely as at Halifax or any city in the Dominion. The merchants of British Columbia would buy and sell in the markets of San Francisco as freely and with as little hindrance as in those of their own country. All means of transit would be entirely open to the people of both countries, and those most conducive to the public welfare would take the trade. Internal-revenue laws could, so far as necessary, be made in conformity with the principles of the Union. There could be fair and complete competition everywhere within the confederation, and full scope could be given to the development of natural advantages wherever they would bring profit to the merchant and save needless labor of the people or yield remunerative employment to them.

SKETCH OF THE GERMAN ZOLLVEREIN.

The German Zollverein began in 1818, considerably more than half a century ago. Its progress is a sufficient proof of the excellence of the principles it embodies and of the mode by which they are carried into effect. The enlightened state of Prussia was the originator and

leader in the movement, by forming a commercial union with a few minor states; the whole population thus included being at first only nineteen millions. The experience of the benefits thus created is so satisfactory, that the best publicists of Europe believe that Prussia thus conferred upon the German people advantages scarcely inferior to those she initiated by the diffusion of education and intelligence. It not only promoted the industry and prosperity of the allied states more than any other measure or sets of measures that their governments could have devised, but it was found that the increase of wealth and population thus arising created an additional demand for foreign products.

Whatever opposition there is to unembarrassed intercourse with Canada proceeds mainly from a fear lest it might revolutionize our tariff or injure our revenue. It is well to remind the alarmists who raise this outcry that such results are no necessary consequence of an American Zollverein. So far as the Zollverein of Germany is a precedent, such apprehensions are entirely groundless. As Prussia was the largest and most populous country when the Zollverein was begun, her tariff was adopted; and owing to increased prosperity and the consequently increased consumption of tax-paying articles, the revenue of Prussia rose about 30 per cent. in the four years next following the amalgamation of the North German and South German States into one grand union on the 1st of January, 1834.

In 1865 the benefits of the German Zollverein had become so well proved and appreciated, that instead of the three original states or duchies it included fourteen, with a population of nearly 36,000,000.

The solidity and cohesive power of the Zollverein were decisively tested in the war which began between Prussia and Austria in 1866. The governments of the North German states included in the union sided with Austria, and it was feared that a dissolution of the Zollverein would ensue, but, says one of the historians of the time, the extraordinary spectacle was presented that while "its component parts were waging open war with each other, its custom-house authorities remained in their functions in the general name and received and divided the revenue moneys in the general name, a spectacle which surprised nobody in Germany, but caused general astonishment abroad as something quite incomprehensible. German nationality, and the inner conserving power which animates the Zollverein received hereby the most glorious confirmation."

After the war of 1866 the German states to the south of the river Main, having preserved their independence, were not under any obligation to renew the Zollverein, but preferred to continue members of it. In 1867 a new Zollverein treaty was concluded between the states of the North German Confederation and the North German states, the scope of which extended to the whole of Germany except Austria.

Even with Austria a liberal and comprehensive treaty was effected in 1868, mutually reducing duties on both sides and abolishing all transit duties and nearly all those on exports.

A traveler who has crossed the outer line is freed from the vexations of the *douanier* in every part of Germany, and may proceed without interruption from Belgium to the frontier of Russia, and from Tyrol to the Baltic, a distance of seven hundred or eight hundred miles, including a population of 70,000,000.

MUTUAL BENEFIT OF A CUSTOMS UNION.

Until the Canadians are ready for annexation to the United States by their own appreciation of republican institutions, no solution of the commercial questions at issue between us and them can be complete except by means of a customs union. I, for one, am not desirous of incorporating in our political union 4,000,000 of people who desire a form of government essentially distinct from our own. But it by no means follows that we and they should not mutually develop in harmony our material interests and regard them and the character of our respective populations as a basis on which such future political arrangements may be made as time may prove to be wise. The quality of grain or lumber and the desirability of selling or purchasing manufactures are utterly independent of the political preferences of the producers or consumers, and on neither side can natural prosperity be promoted by chronic commercial jealousy.

It is evident that the policy I advocate would tend to lessen the hostility of differently instituted governments, while it would not interfere with the political institutions of any, and that a strong bias toward the most friendly relations on other points must naturally arise upon the basis of mutual pecuniary interests and intimate social intercourse.

THAT "BALANCE OF TRADE."

Meeting upon their own ground the theorists who regard "a balance of trade in our favor" as the chief test of the benefits of commercial exchanges with any single country, I find that, according to the reports of the Secretary of the Treasury, there appears to have been during the thirteen years when a treaty for the reciprocal exchange of grain, lumber, and many other natural productions existed, a balance in our favor amounting to some \$83,000,000, and that ever since the termination of the treaty until 1874, when the pressure on our affairs tended to force sales at low prices, there has been a balance against the United States in the trade with the Dominion. So much for the present exclusive policy in comparison with the more liberal but incomplete system under the treaty, judging them from the ordinary stand-point of many protectionists.

Since the termination of the treaty the proportion of the trade of Canada with this country in comparison with the whole foreign trade has been reduced from 52 to 35 per cent., until the necessities of our

people compelled them to part with the products of their labor at reduced prices.

The tariff of Canada is moderate as compared with our own; but, in connection with our taxation of many materials, it is enough to have caused some important branches of manufacture, notably those of wood-screws and musical instruments, to be lately transferred by our own citizens to the other side of the northern frontier, where they are not only established for the supply of the people of the Dominion, but, if we persist in our present course, will undoubtedly at no distant date compete on terms favorable to the Canadians in neutral markets with the products of our own labor on a very extensive scale and in many various manufactures.

THE REAL BALANCE.

While it is desirable to encourage as far as we are able the sales of our manufactures to Canada, it is always to be remembered that the trade between that country and the United States is to a considerable extent one of transit or carrying to other countries, and thus what is called "a balance" against us, which is really an advantage, may exist, because it may merely represent what we have bought from one country to sell at a profit to others. If our merchants buy the bulky productions of Canada to the extent of many millions and carry them through our own country to our sea-ports, they give employment to our laborers, create a demand for the products of our farmers, and cause the expenditure and employment of vast sums of money among our traders and capitalists, while the articles thus carried and exported stand to our credit and profitably swell the balance in our favor in other countries, being at least as valuable in our exchanges with the rest of the world as if they were gold or silver.

The Canadians, understanding this natural operation of the simple laws of business and carrying it into their affairs of state, have, with an enlightened self-interest, attempted to diminish what might by more short-sighted economists be called "the balance in their favor," by admitting our wheat, flour, corn, oats, barley, pease, and many other productions entirely free of all duty. They would like the exchange to be much more—as some of our doctrinaires would call it—"against them." The more of our wheat, corn, and flour they buy, or, in other words, "the larger the balance against them," the more their shipping and canals, and with them their merchants and the rest of their population, prosper. We take the other course, and by way of fancied "protection" levy a duty of twenty cents a bushel on their wheat, fifteen cents on their barley, ten cents on their oats, 20 per cent. on their flour, and from 10 to 20 per cent. on their pease.

Under the treaty, the quantities of grain exchanged between the two countries were almost exactly equal. In 1874 our exports of grain and breadstuffs to the Dominion, exclusive of barley, for which we

pay Canada a better price than she can find elsewhere, amounted to \$16,477,674, while the imports of the corresponding articles were \$3,473,352, showing what is called "a balance in our favor" of \$13,004,322; our exports of grain and breadstuffs to Canada, as thus shown, being, in consequence of our duties on her products and her exemption of ours, more than four times as large as our imports from her. This "balance in our favor" shows that we expel the trade in certain classes of products from our shipping, railroads, elevators, and warehouses with incalculable injury to all classes of our people and force it into Canadian channels. This is more fully shown by the official reports of Canada, where it appears that in the same year nearly twenty-one millions of bushels of grain were certainly exported from that country, being between six and seven millions of bushels more than her imports.

Thus we see that the purchases of grain by Canada are for re-exportation, either directly or for such consumption as leaves a corresponding surplus on her own side for exportation. No bonded system regarding grain from Canada can afford such facilities for profits by our merchants, millers, carriers, and others as would arise from free and untrammelled trade in it.

WE DRIVE AWAY THE TRADE WE MIGHT ATTRACT.

The enlargement of the Canadian canals, with a view yet further to draw away from this country the transit of its own productions and trade in them is at the present moment going on, and that on a magnificent scale. In 1855, the year after the treaty went into operation, as soon as routes and markets of the United States were opened freely to the grain, flour, and timber of Canada, the trade by way of the Saint Lawrence was \$18,469,528, or not much more than half its amount in the previous year. The decrease was \$15,203,600, and a corresponding amount was transferred to other carriers, for the Canadian trade in the United States increased in the same time \$15,856,624, or from \$24,971,096 to \$40,827,720. In view of these facts, the urgency of removing from those who are employed on our railroads, rivers, and canals the restrictions imposed on them by duties on Canadian grain, and placing them on an equal footing with their foreign competitors, cannot be reasonably disputed.

If we bought from Canada every bushel of wheat that she now exports to other countries, the demand in those countries would remain the same. The difference would chiefly be that after paying for it in the products of our labor, we should send it or its equivalent to the present consumers and that we should do the business and make the profits now made by the Canadians. If there should be what some call "a balance against us" with Canada, it would be more than made up through the amounts placed to our credit by our sales to other countries.

AN INCREASED SUPPLY OF PROVISIONS.

Mainly for those agricultural productions which are not "perishable" and will bear transportation the markets of the world at large regulate our own. The prices alike of grain and dairy products are transmitted by cable and eagerly examined by the dealers in them on this side of the Atlantic. The free admission of these articles into this country will stimulate industry without reducing general prices, not only through increasing the business of our railroads, canals, rivers, and sea-ports, but by furnishing them to consumers as nearly as possible to the places where they are produced, and by passing them through the hands of the fewest intermediate dealers. There are also many agricultural products—notably animals and fresh meats—which might profitably be exchanged by Canada for our manufactures, thus furnishing an increased and cheaper supply of provisions to our people, who, under the system I advocate, would pay for them in the products of their looms and workshops.

Even as to these articles many errors are current. It appears from the tables published by the Bureau of Statistics that last year our imports described as animals from the British American colonies amounted to \$1,987,231, and those of meats, butter, cheese, poultry, lard, &c., to \$533,886; a total of \$2,521,117. An outcry is raised that our farmers are oppressed by these inundations of provisions. But their amount is little more than equal to our exports of meats alone to Canada. Their amount is no less than \$2,457,904. Of animals, meats, butter, cheese, lard, and tallow only our exports to the same country were \$4,398,060, or about two millions more than our imports.

FREE TRADE IN COAL.

It would be improper to pass without examination our trade with Canada in coal, an article which is one of the essential elements of manufactures, and in the North becoming daily more and more one of the prime necessities of human life. It is found in abundance on the sea-coast of Canada, whence it is advantageously exported to the New England States and New York. But it is not found in the interior and well-settled parts of the Dominion. They depend on our mines for a supply, and obtain it, free of all duties, principally from Pennsylvania, Virginia, and Ohio. Anthracite coal is extensively imported into the maritime provinces. Altogether, regarding the subject from a national point of view, our imports of coal last year from Canada amounted to \$697,673, and our exports to her were, as shown by our own returns alone, \$2,034,527. The imports, taking a series of years, are nearly stationary; but our exports increase enormously, and in the last three years were \$7,272,964, not far from four times as large as in the three years from 1863 to 1867. Under these circumstances any imposition of duty on coal from the Dominion is evidently unjust, favorable only to petty local interests at the cost of important com-

munities and contrary to the spirit in which each part of the Union should regard all the others.

WE PAY OUR OWN TAXES.

Among our largest imports from Canada, timber is probably on the whole the one most necessary to our citizens. It forms a part of every house in city and country. It is directly or indirectly a part of almost every manufacture, and the cost of the home of every workman in the manufacturing parts of our country depends upon its price. Considered with regard to the tariff and its "protective" character, lumber is unlike any other article. Our iron-ore being inexhaustible, the production of that metal may be stimulated to any extent. The more there is made of it the more can be made. The same is true of manufactures of wool and cotton, or of those articles themselves. Looms, sheep, and cotton plantations can be almost indefinitely multiplied. But, for all intents and purposes, a high price for lumber is not only a tax on the people, but stimulates present production with the absolute certainty of speedy, spendthrift, exhaustion of the supply. By duties on Canadian lumber we simply exhaust our resources and pay for drawing what we need from places remote or difficult of access when we might get it easier elsewhere. It would be even more reasonable to dig holes and fill them up again than to indulge in this delusive and extravagant legislation.

There has been a too common belief that by duties on the productions of Canada we make her people pay our taxes. Perhaps the fallacy yet lingers in some minds. The fact that we have destroyed our importations of wheat and flour from Canada, and that she now sends her surplus together with much of our own to other markets, may convince of their error some of those who have imagined she must depend upon us for the sales of her productions. It was argued when the treaty was repealed and a duty was imposed on Canadian timber that we should buy it as cheaply as ever. Instead of this consummation, it has been found that our importations became nearly threefold as large as before, and that the prices in Canada doubled, showing clearly that we pay the duty and injure every branch of industry in which northern timber is a material.

The well-known fact is that we are rapidly exhausting our supplies of timber in the Northern States. The demand for it increases at the rate of 25 per cent. a year, and even those who are interested in high prices and immediate sales of what is left of it admit that in twenty years building timber will be extremely scarce, and that in many parts of the country, yet supplied in part from their own soil, it will have entirely disappeared. It is stated on good authority that no less than 63,928 establishments, employing 393,378 persons and using material to the value of \$310,000,000 a year, were engaged in 1869 in manufacturing articles entirely from wood, in addition to 7,439,840

persons partly employed on wood and using that material yearly to the value of \$554,000,000. In some instances, following the example of more experienced nations, premiums are given to those who plant certain areas with forest trees. Yet in the face of all these facts we, under the name of "protection," betray the public interests into the hands of a few monopolists, and condemn our people to pay large rewards for the too rapid destruction of our remaining forests. In considering these facts it is desirable to remember that under a free system of exchanges Canada would be paid for her lumber in the products of our labor.

PUBLIC OPINION ON TRADE WITH CANADA.

The value of an extension of trade with Canada is duly appreciated by all thoughtful commercial men. The National Board of Trade passed resolutions and petitioned Congress in its favor. The New York Chamber of Commerce regards it as "specially desirable, on political as well as economical grounds, that all unnecessary hindrances should be removed from the commercial intercourse between the United States and the great Dominion which borders our northern border for so many thousands of miles," and "strongly recommends the proper authorities at Washington to enter into such treaty stipulations whenever the Canadian authorities may be found ready to meet them on a basis of perfect fairness and equity." The boards of trade in Boston and Chicago, and many other similar associations, have earnestly expressed the same views. Various State Legislatures, notably that of New York, have passed resolutions to the same effect. Proof that the importance of the interests involved is fully appreciated, and of a willingness to negotiate, abounds in Canada.

CANADA WILLING TO NEGOTIATE.

In 1873 the Dominion board of trade presented a memorial to Earl Dufferin, the governor-general of the Dominion, expressing a "sincere and cordial desire" that he would "be pleased to make such representations to the imperial government as will procure the appointment of a commission to meet and confer with a similar commission on the part of the Government of the United States, (if such commission has been or shall be appointed,) for the purpose of framing and negotiating such a treaty of reciprocal trade as will be for the mutual advantage and benefit of the trade and commerce of the Dominion of Canada and the United States." The Canadian minister of customs, the privy council, and the governor-general fully concurred in these views, and the governor, in council, formally promised that "should the Government of the United States comply with the wishes expressed by the National Board of Trade, the subject will receive the fullest consideration of the government of Canada." There is good reason for believing that no change has been made in their views.

During the present year a leading member of the Dominion board of trade, at its annual meeting, expressed the general sentiment of those who were present by saying, "We are anxious to deal fairly and liberally with our neighbors, and on condition that they meet us in a liberal spirit." A resolution was passed, declaring "that this board is of opinion that it is very desirable that a treaty of reciprocity in trade with the United States, on a comprehensive, liberal, and fair basis, should be obtained;" and is also of opinion that the initiatory steps thereto ought to come from the Government of the United States, seeing that it was by their action that the old treaty was abrogated." Thus there is ample proof that commissioners would be promptly appointed to meet and confer with our own.

While we now possess a most valuable market and increasing market for our manufactures, it is quite as certain that its continuance depends on the duties levied by the Canadian tariff. A large proportion of the manufactures we export so extensively to the Dominion, conspicuously many of iron, copper, brass, lead, cotton, &c., are admitted free of duty or at almost nominal rates of 5 or 10 per cent., and those charged at higher rates than $17\frac{1}{2}$ per cent. are few in number and insignificant in quantity. The Canadians have it in their power, and it could be no just cause of complaint by us, to adopt our own scale of duties. The effect of such a step could not fail to inflict serious injury on our manufacturers, many of whose products would soon be excluded from the Canadian markets, which it is for our interest to open yet more widely.

CONTRAST CANADIAN WITH HAWAIIAN TRADE.

The importance of our present and future commercial relations with the Hawaiian Islands has been ably discussed. I have not underestimated nor will I now depreciate it. But it shrinks into seeming insignificance in comparison with the value of the trade between the people of the United States and Canada. In the same year when our exports of cereal productions to the islands amounted to the value of about \$45,000 these to the Dominion were of the value of over fourteen millions, our exports of cotton and its manufactures to the islands were about \$16,000, and of iron and steel, including woodenware, were nearly \$20,000, while those of the same classes to Canada were over one million one hundred thousand and over six millions, respectively, exclusive of woodenware. The exports I have specified to Canada are exclusively of our own productions, the aggregate of which to Canada was about ninety times as large as that of all our exports to the Hawaiian Islands during the same time. Without pursuing the comparison further it is absolutely unquestionable that, if our commerce with the Hawaiian Islands is worthy of special attention, that with the Dominion of Canada is almost immeasurably more so; and the comparison loses nothing of its force either commer-

cially, politically, or in a military point of view if we consider the limited area of the islands and the vast territory of the Dominion coterminous with our own to be inhabited by people sprung from ourselves or, like ourselves, from the foremost nations of the Old World and whose number will be computed by hundreds of millions.

ENCOURAGEMENTS TO SMUGGLING.

While the moderate rates of duty exacted by the Canadian tariff enable us to make large exports of manufactures, they also permit goods from other countries to be imported on the same terms. Silks, broad-cloth, plate, watches, jewelry, &c., are charged with a duty of only 17½ per cent. The boundary between the two countries not only extends across the continent, but the shore-line is increased for thousands of miles by innumerable bays, affording great facilities for defrauding the revenue. At other places a smuggler can go in the day or night from one side of the frontier to the other laden with jewelry, laces, or other expensive goods literally as easily and with as much security as a traveler can pass from one farm to another or through the unbroken forest. It is stated that stores, kept by enterprising merchants, are built on the imaginary or mathematical line separating the two countries, and that goods bought in each are sold freely to all customers; the merchandise itself changing places from the shelves on one side to those on the other at those hours and opportunities when it is impossible for a custom-house officer, however vigilant, to watch what may be done inside the building. No wonder then that the Secretary of the Treasury should have found "the difficulty attending a proper surveillance of our northern frontier" of sufficient importance as to direct special attention to it in his last report as being "under existing circumstances very great, if not in some respects insurmountable." To guard these lines with moderate security an enormous increase of the revenue service would even now be absolutely indispensable. In the four collection districts of Vermont, Champlain, Oswegatchie, and Cape Vincent, having a frontier line of more than three hundred miles, after deducting for a few officers employed in permanent service at the principal ports and minor stations, "there remain," says the Secretary of the Treasury, "but fourteen as a preventive force, or less than one man for every twenty-one miles of frontier."

As the frontier regions become more populous and goods brought from one country to the other meet with readier sales, these difficulties will be incalculably increased and it will be absolutely impossible to prevent immense quantities of valuable goods from being illicitly brought across the line without payment of any duty.

In addition to these suggestive facts it is to be remembered that some of the most liberal and advanced statesmen in Great Britain, not content with the present anomalous relations of the mother-coun-

try and the colonies, entertain the project of a Zollverein or customs-union between them. The people of these countries have as undoubted rights to free-trade with each other as the citizens of our different States now enjoy among themselves.

But, if the difficulties attending our present tariff are now "in some respects insurmountable," what would they become if the same freedom of trade as exists between the States of the Union were also a matter of fact between the different parts of the British Empire? There is no complete remedy but such a customs-union as I have suggested between the United States and the Dominion.

COMMISSIONERS WOULD REPORT IMPARTIALLY.

In proposing the appointment of commissioners to confer with other commissioners duly authorized by the government of Great Britain, or whenever it shall appear to be the wish of that government to appoint such commissioners, to investigate and ascertain on what basis a treaty of reciprocal trade for the mutual benefit of the people of the United States and the Dominion of Canada can be negotiated, and to report the results of their investigation to the President of the United States, there is no bias toward any special form of reciprocity. They may or may not approve of such a customs union as under existing circumstances seems to me the best and only perfect solution of the embarrassments attending the present commercial relations of the two countries, as it would effect a great saving in the revenue service, abolish smuggling, give complete freedom of transit to the people on both sides, and by a continuous and harmonious development of their resources encourage social intercourse and prepare the way for whatever other institutions their intelligence and mutual good-will might hereafter suggest and approve. But between such an arrangement and the present condition of trade there are many intermediate steps. It ought not to be difficult to agree upon the basis of a common tariff on all articles, such as silks, laces, brandies, wines, jewelry, &c., the importation of which is taxed only for revenue, and in regard to which no irreconcilable differences of politico-economical theory arise, or to determine the terms of equitable division of the revenue collected from them in common. If this only were done, the most extensive smuggling from which the revenue of the United States suffers would be stopped, and our own public Treasury would be the gainer by many millions. Some at least of the manufactures and raw products of each country could be admitted to free exchange with those of the other.

SUMMARY AND CONCLUSION.

Beyond these considerations, or rather as their basis, are the plain and well-known facts that the prosperity of our people and our strength as a nation depend upon their unrestricted exchanges of the products

of their labor more than upon any other material cause, and that the relative positions of the United States and the Dominion render similar commercial relations no less valuable to our citizens and the Canadians; that if permitted to develop themselves harmoniously, according to the unrestricted wishes of the people, the mutual interests of the two countries are even more important than those of many of our own States, and that whatever would directly benefit so large a number of them must be profitable to them all and should be desired by all.

Whatever arrangements may be made might properly include various regulations necessary for the freedom and convenience of our commercial and social neighborhood and intercourse, such as a uniform system of extradition, light-houses, copyrights, postage, patents, telegraphs, weights, measures, and coinage.

The principles I am desirous of seeing brought into active use are simply those expressed nearly a century ago by Girard, Franklin, Deane, and Lee in a treaty of commerce between France and the United States, in which they, on the part of this country, agreed to avoid "all those burdensome prejudices which are usually sources of debate, embarrassment, and discontent," and to take as the "basis of their agreement the most perfect equality and reciprocity," "founding the advantage of commerce solely upon reciprocal utility and the just rules of free intercourse." Thus all petty, acrimonious debates as to whether one party would make more or less than the other would cease. All would be merged in considerations of plain and palpable benefit as far as it is between States and individuals in the Union.

It is undeniable that the government and people of Canada are desirous of meeting in a friendly and liberal spirit whatever efforts we may make toward extending our trade with them. Thus apparently the means of benefiting a large and suffering portion of our population are open to us by giving them employment through an extended market for their productions. How much this is needed may be estimated from the statement of the Secretary of the Treasury in his annual report, that our domestic exports to all countries decreased in value \$70,149,321 last year. By opening trade with Canada we should also furnish our people with a more abundant supply of the necessities of life and some of the materials for manufactures. The purpose of the resolutions now under consideration is simply to ascertain, after full and careful investigation by intelligent citizens of the United States, how far and through what measures we can best bring into actual practice the opportunities which are placed within our reach by the circumstances of the times and by immutable nature, or rather by Providence itself.